

RECORDATION NO. 27361 FILED

JAN 31 '08 -1 15 PM

ALVORD AND ALVORD
ATTORNEYS AT LAW
1050 SEVENTEENTH STREET, N.W.
SUITE 301
WASHINGTON, D.C.

ETIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

20036
(202) 393-2266
FAX (202) 393-2156
E-MAIL alvordlaw@aol.com

OF COUNSEL
URBAN A. LESTER

SURFACE TRANSPORTATION BOARD

January 31, 2008

Anne K. Quinlan, Esquire
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

Dear Ms. Quinlan:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Mortgage, dated as of January 31, 2008, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Debtor: Babcock & Brown Rail Funding LLC
885 Second Avenue
49th Floor
New York, NY 10017

[Secured Party: Bayerische Hypo-Und Vereinsbank AG, Agent
FPA 4 Lease/Asset Finance
Am Tucherpark 1 (FPA)
80538 Munich
Germany]

Anne K. Quinlan, Esquire
January 31, 2008
Page 2

A description of the railroad equipment covered by the enclosed document is:

80 railcars: BNBX 500061 - BNBX 500140.

A short summary of the document to appear in the index is:

Memorandum of Mortgage.

Also enclosed is a check in the amount of \$35.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alvord", with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/sem
Enclosures

JAN 31 '08 -1 15 PM

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF MORTGAGE


Memorandum of Mortgage, made and entered into as of January 31, 2008 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "Debtor") and **BAYERISCHE HYPO-UND VEREINSBANK AG**, as Agent under the Security Agreement referred to below (together with its successors and permitted assigns, the "Secured Party"). Terms used in this instrument have the meanings assigned thereto in the Second Amended and Restated Security Agreement dated as of September 21, 2007 (as supplemented, including by Security Agreement Supplement No. 70 dated the date hereof, the "Security Agreement") between the Secured Party and the Debtor.

WITNESSETH:

The undersigned and the Secured Party have entered into the Security Agreement, by which the Debtor has granted a security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto and in each document referred to on Exhibit B attached hereto to the Secured Party in order to secure the Debtor's performance of its obligations as described in the Security Agreement.

IN WITNESS WHEREOF, the party hereto has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written.

**BABCOCK & BROWN RAIL FUNDING
LLC**

By 
Name: Larry Littlefield
Title: Vice President

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On January 30, 2008, before me, Indra Bedasie, Notary Public, personally appeared Larry Littlefield, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

INDRA BEDASIE
Notary Public, State of New York
No. 01BE6014802
Qualified in Queens County
Certificate Filed in New York County
Commission Expires October 19, 2010

Memorandum of Mortgage

NEWYORK/1910701

Exhibit A
to Memorandum of Mortgage

EQUIPMENT

<u>Lessee</u>	<u>#</u> <u>Cars</u>	<u>Year</u> <u>Built</u>	<u>Manufacturer</u>	<u>AAR</u> <u>Code</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty</u> <u>Marks</u>
Castle Rock Renewable Fuels LLC	80	2008	American Railcar Industries, Inc.	T108	100-ton, 30,000 gallon, non-coiled, non-insulated, stub sill sloped bottom tank cars	BNBX 500061 - 500140	None

Together with all substitutions, replacements and renewals of the property above described, and all property which shall hereafter become physically attached to or incorporated in the property above described, whether the Debtor now has rights therein or such rights shall hereafter be acquired by it.

Exhibit B
to Memorandum of Mortgage

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

Railcar Manufacturing and Purchase Agreement dated as of June 26, 2007, by and between American Railcar Industries, Inc. and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described in Exhibit A hereto.

Master Full Service Railcar Lease dated as of January 22, 2008, between Babcock & Brown Rail Funding LLC and Castle Rock Renewable Fuels LLC, to the extent the same relates to the Equipment described in Exhibit A hereto.

Schedule No. 02 to Master Full Service Railcar Lease dated as of January 22, 2008, between Babcock & Brown Rail Funding LLC and Castle Rock Renewable Fuels LLC, to the extent the same relates to the Equipment described in Exhibit A hereto.

Warranty Bill of Sale dated as of January 31, 2008 from American Railcar Industries, Inc. to Babcock & Brown Rail Funding LLC and Certificates of Acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in such Warranty Bill of Sale.

Together with all substitutions, replacements and renewals of the property above described, whether the Debtor now has rights therein or such rights shall hereafter be acquired by it.

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 1/31/08



Robert W. Alvord